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THE EDINBURGH REVIEW,

OR

CRITICAL JOURNAL:

FOR

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authority, will approve of this forward priest launching, from the stall of his cathedral, against that most respectable individual, the charge of 'wantonly tossing about the torch of sedition?' As long as he only indulges his overweening self-conceit with puffs of his own abilities, ostentatiously preferring them to those of the Member for Durham, we leave him alone: The topic is an odd one for any man to choose; but that is matter of taste. We believe there is no great risk of any body doubting Mr Lambton's talents; and Mr Philpotts, himself, probably means to rate them pretty high, when he takes so much pains to prove that they are inferior to his own. We should be inclined, therefore, to pass over his petulant sneering at the Honourable Member's speech, were it not for the gross and unpardonable want of candour, which can make any speech answerable for the faults of a newspaper report. But the calumnious attacks, and the still more base insinuations, against that Gentleman's motives, in which this Reverend Dignitary indulges, deserve the reprobation of all who value the purity of the clerical character; and no man of ordinary discernment can read them without feeling a perfect conviction, that Mr Philpotts durst as soon have set fire to his own stall, as whisper one tythe of this abuse against any man, woman, child, or domestic animal, in any way befriended by the powers that be, either in Church or State.

ART. XI. 1. *A New View of Society; or, Essay on the Formation of Human Character, preparatory to the Development of a Plan for ameliorating the Condition of Mankind.*

2. *Observations on the Effects of the Manufacturing System.*

3. *Two Memorials on Behalf of the Working Classes, presented to the Governments of America and Europe.*

4. *Three Tracts; and an Account of Public Proceedings relative to the Employment of the Poor.* By ROBERT OWEN, of New Lanark.

POLITICAL economy, when considered in all its bearings, is one of the most important and useful branches of science. It has a connexion more or less intimate with almost every question of politics and morals; and, whether with respect to the conduct of private life, or to the administration of public affairs, cases are perpetually occurring, in which, without a competent knowledge of its principles, it is impossible either to

judge correctly, or to act with wisdom. Benevolence and charity, when not under the guidance of economical science, frequently degenerate into ministers of mischief, aggravating the misery they endeavour to relieve, and resembling, in their effects, those splendid but baneful meteors, which throw a deceitful lustre over the disorder they create.

These remarks have been suggested to us by the degree of public attention and countenance, which, on some recent occasions, have been given to Mr Owen's plans for relieving the national distress. We are quite willing to grant that this gentleman is a most estimable person. Indeed, it is impossible to contemplate his disinterested labours and perfect benevolence, without feeling personally attached to the amiable enthusiast; and, whether his plans are practicable or not, the motives which induce him to pursue them are sufficient to command our approbation and respect. While, therefore, an anxious desire to contribute what we can to the formation of correct opinions respecting the causes of public distress, and the means which should be employed for removing or mitigating it, constrains us to enter into a free and rigid examination, both of the practicability of his particular plans, and of the soundness of his general principles, we can assure Mr Owen, that no particle of angry feeling mingles itself with our opposition, and that we cordially esteem the man whose projects we venture unequivocally to condemn.

In politics, as in medicine, the regular practitioner, before he prescribes his remedies for any existing disorder, will endeavour to ascertain its nature and its cause. When we examine into the condition of the labouring classes in this country, we immediately perceive that their distress arises from *Want of Employment;* and, on pushing the inquiry a step further, we find, that want of employment is occasioned by the depressed state of agriculture, manufactures, and trade. In tracing the causes of the existing distress, therefore, the ultimate question for our consideration is, why are these great branches of our national industry in a state of depression? Our soil and climate are not changed; our varied and admirable machinery for abridging and perfecting labour has undergone no deterioration; and our working population has, as yet, lost nothing in point of energy or skill. But if all these original sources of wealth and instruments of production continue unimpaired, whence is it that prosperity is suspended, that the capitalist obtains no adequate return, and that the labourer remains without employment?

These interesting and momentous questions cannot be answered in a manner completely satisfactory, unless we refer to

first principles, and trace those general laws which at one period raise the rate of profit so high, that capital accumulates with rapidity, and is eagerly demanded for reinvestment; and at another period, depress the rate of profit so low, that capital either ceases to accumulate, or passes off to foreign countries, to seek that beneficial occupation which cannot be obtained at home. This preliminary inquiry we will endeavour to render as clear and as brief as possible: though, before entering upon it, we must be allowed to say one word in answer to an objection which persons conversant only with the particular details of business not unfrequently urge against general disquisition and theory, on the ground of their being at variance with experience and inapplicable to facts. In all the sciences, except those which relate to number and quantity, a principle is nothing more than a general rule, ascertained by the process of induction, from an examination of particular cases. To lay down a principle, therefore, is merely to assert that some one attribute, or circumstance, is common to a whole class of phenomena; and if, upon actual observation, or experiment, this attribute, is found not to be common to the class, the assumed principle must necessarily be erroneous. A general law or principle embraces particulars; and that which does not embrace particulars, ceases to be a general law. The objection, therefore, that general principles, or theory, may be at variance with experience, and contrary to facts, is applicable to those erroneous theories only, which have no foundation beyond hypothesis, and cannot be justly urged against a correct theory deduced analytically from observation or experiment, and which affords a satisfactory solution of the facts it is applied synthetically to explain. With this very simple explanation of the nature of general reasoning, we shall now proceed to trace, with as much brevity as possible, the laws which regulate the rate of profit, and thereby accelerate or retard the prosperity of nations.

Profit is that net surplus which remains with the capitalist after the complete replacement of all his advances:—And the first circumstance which influences its rate is, the quality of the Soil under cultivation. If the farmer occupy land so fertile that the expenditure of a capital of 100 quarters of corn in tillage yields him a reproduction of 150 quarters, it is self-evident that the net surplus will be 50 quarters; and that, supposing no rent to be paid, the rate of agricultural profit will be fifty per cent. But, should the farmer cultivate a soil so inferior that the expenditure of 100 yields a reproduction of no more than 105, it is equally self-evident, that the rate of profit will sink from

fifty to five per cent.; while, if, from the next quality of land to be taken in, the expenditure of 100 quarters creates a reproduction of no more than 100 quarters, the further employment of agricultural capital could be attended with no surplus or profit whatever. In the first case, capital, and the demand for labour, might double every two years; in the second, they could not double in less than twenty years; and, in the third, no additional capital could be created, and therefore no additional labour could be employed,—and the country would have arrived at that stationary and melancholy state, in which every birth beyond what is necessary to keep up the existing population, must be followed by a death brought on by want.

The second circumstance which influences the rate of profit, is the degree of Skill and economy with which labour is employed, whether in agriculture, or in manufactures. If a farmer expend 100 quarters of corn, or the value of 100 quarters, in cultivation, and obtain a reproduction of 200 quarters, it makes not the smallest difference with respect to the rate of profit, whether this return be raised from a very fertile soil unskilfully managed, or from one of inferior quality judiciously managed. In either case there are 100 quarters expended, and 200 produced; and though the cause of the increased proportion in which the return exceeds the advance is different, the effect is the same, and the rate of profit in either case is cent. per cent.

Improvements in manufactures have the same influence on the rate of profit as improvements in agriculture. If a farmer were to employ 50 labourers in cultivating fields which yielded 150 quarters of corn, and were to expend 60 quarters on the food and seed, and 60 on the clothing and implements they consumed while at work, his total surplus or profit would be 25 per cent.; but if an improvement in manufacturing industry were to take place, which so reduced the productive cost, and consequently the exchangeable value of wrought necessaries, that the farmer could purchase the clothing and implements consumed by his 50 labourers for 40, instead of 60 quarters of corn, his profit would rise from 25 to 50 per cent.; for, in this case, the reproduction of 150 quarters would be obtained by an advance of 60 quarters for food and seed, and 40 for clothing and implements.

Now, the two causes which we have mentioned, namely, the quality of the land under cultivation, and the degree of skill with which labour is applied, have precisely the same effect in regulating the rate of manufacturing that they have in regulating the rate of agricultural profit. When a master-manufacturer, by advancing to 100 labourers their clothing and tools, with

food and material equal to these in value, can fabricate clothing and tools for 300, his surplus of product above expenditure will be 50 per cent. But if, in consequence of cultivating inferior soils, or of pursuing a less skilful mode of husbandry, the productive cost, and consequently the exchangeable value of agricultural produce should be so increased, that for the food and raw material furnished to his 100 labourers he is obliged give clothing and tools for 150 instead of for 100, his profit would sink to 20 per cent.; because, in producing clothing and tools for 300, he would have expended the clothing and tools of 250.

The third circumstance which influences the rate of return upon capital, is the real amount of Wages, or the quantity of the products of labour advanced to the labourer while performing his work. When a farmer, in cultivating a field which yields him 300 quarters of corn, employs 150 labourers, and expends 100 quarters in supplying them with seed and implements, then, if he gives them 50 quarters more as their wages, his profit will be cent. per cent.; while, if he is obliged to advance 100 quarters as their wages, his profits will sink to 50 per cent. In like manner, when a master-manufacturer employs a set of labourers in fabricating 300 suits of clothing, and expends the value of 100 suits in supplying them with material and tools, he will obtain a profit of cent. per cent., if he pay them 50 suits as their wages; and a profit of only 50 per cent., if he pay them 100 suits. While real wages remain stationary, profit will rise or fall as the effective powers of industry are increased or diminished; and while the effective powers of industry remain stationary, the capitalist will receive a larger portion of its products as the labourer receives less; or, in other words, profits will rise as wages fall. Improvements in the effective powers of industry, however, may raise the rate of profit and the amount of wages at one and the same time. If a farmer and a master-manufacturer, by employing 100 labourers each throughout the year, obtain the one 300 quarters of corn, and the other 300 suits of clothing,—then, supposing the yearly wages of a labourer to be 1 quarter and 1 suit, the rate of profit will be 50 per cent. But were an improvement to take place in the effective powers of industry, enabling the master-manufacturer and farmer to obtain, the one 500 quarters and the other 500 suits from the work of the same men —then, though the annual wages of the labourer should be increased to $1\frac{1}{2}$ quarters and $1\frac{1}{2}$ suits, the ate of profit would rise to 66 per cent. For, a quarter of corn and a suit of clothing being equal in productive cost, would be also equal in exchangeable value; and, consequently, the farmer's advance to his 100

labourers of 150 quarters and 150 suits, would be equivalent to 300 quarters, while his return would be 500 quarters. In like manner, the master-manufacturer's advance to his 100 labourers would be equivalent to 300 suits, while his return would be 500. The total expenditure of the farmer and master-manufacturer being 300 quarters and 300 suits, and their total reproduction 500 quarters and 500 suits, it is evident that the aggregate profit of our little society would be 66 per cent. But the aggregate profit of the society is composed of the particular profits of individuals. Were the farmer to obtain more or less than 66 per cent., the manufacturer would obtain less or more. Yet, though such an irregularity might occasionally occur, the law of competition would prevent its continuance, and, on the average, would render the products of equal capitals equivalent, and the rate of profit equal.

There are three causes then,—the quality of the soil under cultivation,—the degree of skill with which labour is applied,—and the proportion of the produce absorbed as wages, which determine the rate of return upon productive capital, and which may at any time accelerate, retard, or even suspend the prosperity of a country. The two first, however, exert a much more powerful influence than the third. When a larger quantity of the products of labour fall to the share of labourers, their numbers are always found to increase; and hence, as the supply of labour augments with the demand, wages scarcely ever retain an elevation sufficient to depress the rate of profit in any material degree. Neither can the return upon capital be permanently raised by the reduction of wages below their natural level; because when the labouring classes do not obtain that quantity of the necessaries of life which climate and custom have rendered essential to their healthful existence, distress diminishes their numbers, until the failing supply of labour restores its value in the market. Very different is the case with respect to the quality of the soil under cultivation, and the degree of skill with which labour is applied. These causes exert a powerful and permanent influence on the rate of return upon productive capital; and it is only by a due consideration of the manner in which they operate in any given circumstances, that we can obtain a satisfactory solution of the difficult but most important problem, Why a country at one period should advance rapidly in prosperity, and at another should, without any external disaster, approach the limits of her prosperity, or verge sensibly to decay.

In new, or in thinly peopled countries, no lands except those of the first quality, and most eligible situation, will be resorted to for the supply of food and materials; and consequently the

effective powers of Agricultural industry will be extremely high. But as the division of employment is limited by the extent of the market, and can be perfectly established only amongst a dense population, it follows, that in new or thinly inhabited countries, the effective powers of Manufacturing industry must be extremely low. Hence, in the progress of society, the two main causes which determine the rate of return upon productive capital, are as antagonist muscles, modifying and balancing the action of each other. As increasing population compels us, on the one hand, to resort to inferior soils, and thus raises the natural price of raw produce, so it leads, on the other, to more accurate divisions of employment, and to that extension of machinery which is at once their cause and their effect, and thus lowers the natural price of all wrought goods. Thus, as population and improvement advance, manufactured articles are constantly falling in value, as compared with agricultural produce. But, on the principles already unfolded, increased facility in producing wrought necessaries, has the same effect in raising the rate of profit, which diminished facility in producing food and material has in lowering it. And hence it will frequently happen, that a greater degree of economy and skill in the application of labour may completely counteract the effects of resorting to inferior soils; and that the return upon productive capital may rise, on the whole, though the difficulty of obtaining food and material should increase. Such a process, however, could not continue long. Under any given degree of skill and economy in the application of labour, the return upon capital will be determined by the quality of the land in cultivation; and as inferior soils are resorted to, the rate of profit will constantly diminish, until that stationary state is attained, in which no additional capital can be employed, and all tendency to increased population must be checked by famine.

In considering the causes which accelerate or retard prosperity, it is important to remark, that any country which has started before her neighbours in wealth and population, will arrive at the stationary state long before the next quality of land to be taken in becomes so inferior that it will not replace the expenses of cultivation, with the lowest rate of profit for the sake of which the capitalist will engage in production. That constant desire on the part of individuals to turn their capital to the best account, which equalizes the rate of profit throughout the different districts of a country, tends also to equalize it throughout the different countries of the world. If in France the customary rate of profit were 20 per cent., while in England it was only 10 per cent.; then, allowing property to be equally secure in the two countries, British capital would in-

evitably flow to France. * If the inequality in the rate of profit arose from the higher degree of skill possessed by France in the application of her labour, it would be corrected as soon as England adopted the more accurate divisions of employment, or copied the superior machinery of her neighbour. But if the inequality arose from England's having resorted to soils inferior to those under cultivation in France, it could not be corrected; and consequently the efflux of British capital could not be checked, until the progress of wealth and population in France compelled her to obtain additional supplies of agricultural produce from soils incapable of returning a larger surplus than those under cultivation in England. No superiority of skill in the application of labour could enable England to retain in tillage soils very much inferior to those under the plough in France. The divisions of employment, and the use of machinery, on which superiority in the application of labour depends, would be speedily copied by an intelligent people living under a free government; and, when copied, they would immediately raise the rate of profit in France, in the same proportion in which they had raised it in England; and the equilibrium which had been established, when different degrees of skill in the application of labour counterbalanced different degrees of fertility in the land, would be again disturbed, when skill became equal and the inequality in the soil resorted to for the supply of food and material, was left, uncounteracted, to produce its natural effect. Should this inequality be considerable, the rate of profit would be much higher in France than in England; and the desire of improving their condition becoming too powerful for those associations which bind men to their native land, capitalists would emigrate with their productive stock from the former to the latter country. When the next quality of land to be taken in cannot yield a produce sufficient to replace expenditure, it is *physically* impossible that wealth and population should continue to increase; and when the next quality of soil to which any particular nation is compelled to resort, in order to obtain an additional supply of food, is very much inferior to the soils under cultivation in neighbouring countries, it becomes *morally* impossible that they should continue to increase. In either case, a country will have reached, for the present, the limits of its resources; and will have attained that stationary and languid state, in which the pressure of distress causes a premature death to follow upon every birth

* See an admirable article on the Corn Laws and Trade, in the Supplement to the Encyclopædia Britannica.

beyond what is necessary to keep up the actual numbers of the labouring population.

That stationary and melancholy state, to which, from the operation of natural and necessary causes, every country is gradually approaching, may however be prodigiously accelerated by artificial and accidental circumstances; and forced prematurely upon us by *unwise Commercial Regulations*, or by *the pressure of Taxation*. To enter into a scientific exposition of the effects of these upon the production, distribution, and consumption of wealth, would far exceed the limits we have prescribed to ourselves in the present article. But lest, in assigning the causes of the distress which has recently overspread this country, we should appear to reason from principles the truth of which we are not prepared to demonstrate, it may be necessary to resort to one or two very brief illustrations, in order to show how Restrictive systems and heavy Taxes influence the rate of return upon pruductive capital.

In old and advanced countries, the great obstacle to the further increase of wealth and population, is, the reduced effective power of Agricultural industry, brought on by the necessity of resorting to inferior soils for additional supplies of raw produce; while, on the contrary, in new or thinly inhabited countries, the main obstacle to prosperity arises from the low effective powers of Manufacturing industry, occasioned by the absence of those divisions of employment, and the want of that extensive machinery, which, in densely peopled regions, reciprocally promote the introduction of each other.

But these obstacles to the accumulation of wealth would in a great measure be removed, by establishing a free intercourse between countries in these opposite situations. If, for example, an expenditure of a given amount of capital and labour would suffice to produce such a quantity of cottons, hardware, &c. at Glasgow or Birmingham, as would exchange for 400 or 500 quarters of Polish or American corn; while, because of the necessity under which we are placed of cultivating soils of a far inferior degree of fertility, the same expenditure, if applied directly to the raising of corn in this country, would not yield more than 200 or 250 quarters, it is obvious, that by exchanging our manufactured goods for foreign corn, we should double the profits of stock, and enable the country indefinitely to advance in the career of improvement. This supposition is not very remote from the truth,—and it shows that we are yet a long way removed from the degree of wealth to which it is in our power to attain before arriving at the stationary state. But if we persist in excluding the raw products of other countries, and consequently force our capitalists to employ their stock in a comparatively

disadvantageous production, it requires very little sagacity to foresee that we must continue to languish and decline. Capital will unquestionably be transferred to more favoured situations, and we shall have to contend not only against the difficulties arising from small profits, but also against those occasioned by a diminution of the fund for setting labour in motion, and by whose extent, the extent of the productive industry of the country must always be regulated.

It is self-evident, that a relatively heavy Taxation must also occasion this efflux of capital. If the productive power of capital in Great Britain and France were equal, there could be no inducement to transfer stock from the one to the other. But if, when profits were thus equal, a greater amount of taxes should be imposed in one country, the equilibrium of profit would instantly be deranged; and there would be an immediate inducement, varying in its efficacy according to the relative increase of taxation, to transfer capital from that country in which the government claimed a large share of its profits, to that in which it was satisfied with a smaller share.

From the analysis here attempted of the laws which regulate the rate of return upon productive capital, it is hoped that we may be enabled to trace the causes of the deep distress which has now overspread this once happy country, as well as to ascertain in what degree the schemes of Mr Owen are calculated to revive our drooping industry, and restore employment to our people. Our climate has not changed; our sun is as warm, and our seasons as genial, as heretofore; our admirable machinery for the abridgment and perfecting of labour has in no way deteriorated; and our working classes have, as yet, lost nothing of their wonted industry, energy, and skill. But with all these original sources of wealth unimpaired, there are, in our present circumstances, three several causes combining to suspend prosperity. In the *first* place, we have extended Tillage over lands of a quality so inferior, that, upon any given expenditure, they yield a much less proportional return than the lands under cultivation in any other country in the world. In the *second* place, our *barbarous Restrictions upon Commerce*, deprive us of those continued sources of prosperity which, in the natural course of events, and under a system of free external trade, improvements in manufactures open to a country whose domestic agriculture can be no further extended without a diminished rate of return upon capital. And, in the *third* place, the Tax-gatherer appropriates so large a portion of the surplus produce of industry, already too much diminished by the preceding causes, that in many instances the farmer and manufacturer are left scarcely sufficient to replace their advances. The conse-

quences are, that the productive cost of food and material, as marked by their average prices in the market, are 100 per cent. higher in these than in any neighbouring countries; that from the low rate of profit and of interest, capital either ceases to accumulate at all, or else seeks in foreign investments that beneficial occupation which cannot be obtained at home; and that our labouring classes, though possessed of unequalled energy and skill, are left without employment, and driven upon their parishes for support.

Such are the causes of that widely spread, and we fear deeply seated distress which the proposed establishments of Mr Owen are intended to remove. The means by which he undertakes to accomplish this most desirable end, are, to divide the country into compartments, containing each a thousand acres; to erect on each of these a village in the form of a parallelogram, with the requisite enclosures and buildings for carrying on agricultural and manufacturing industry; and to place in each village a thousand inhabitants, who are to cultivate the soil and work up its produce on the principle of combined labour and expenditure; who, from the period of infancy, are to be placed in preparatory schools, and subjected to a regular system of instruction and moral training. Under these arrangements he promises that poverty and crime shall cease, and evil, physical and moral, be utterly banished from the earth! The effective powers of industry are to be so increased, that his villagers shall produce sufficient to pay the rent of the land they occupy, and the interest of the money expended on their first establishment, with their due proportion of taxes; and ultimately, to enable the country to support a greatly augmented population, in ten times the comfort enjoyed at present; while the system of education and moral training is to be rendered so perfect, that every species of useful knowledge shall be infused into the mind, and every selfish and unamiable propensity eradicated from the heart!

Our sincere esteem for the benevolent character and disinterested conduct of Mr Owen, withholds us from expressing any opinion respecting the intellect of the person who seriously proposes to accomplish such ends by such means. We shall merely say, that we have given no inconsiderable portion of attention to Mr Owen's several addresses and publications, but have been unable to discover any conceivable relation or connexion between his premises and his conclusions. His schemes do not touch, nay, they have not the most distant bearing upon, the causes of our present distress. We would appeal to his sober-minded consideration, whether dividing the country into districts or farms of a thousand acres each, could improve the quality of

those inferior soils to which we are obliged to resort for the supply of food. We would entreat him to explain in what way the erection of villages in the form of parallelograms, could repeal those enactments against foreign trade which are a disgrace to the age in which we live. We would demand of him, whether the principle of combined labour and expenditure could charm away the collector of taxes; and we would ask him distinctly to state, whether he has any chance of inducing Mrs Marcet to establish in one of his villages a preparatory school for instructing the members of the Cabinet in the first rudiments of economical science, and for affording them sufficient light to retrace their ignorant and infatuated steps towards bankruptcy and ruin. Could Mr Owen either increase the quantity of our fertile land, open our commerce, lighten our taxes, or instruct our Rulers, we should be among the foremost to hail him as the deliverer of the people, and the saviour of his country; but so long as he is incapable of accomplishing any one of these things, so long must we continue to regard him in the light of an amiable, but mistaken enthusiast, who, had he the means of executing his plans, would aggravate the evils he dreams he could remove. This is our deliberate opinion; and we shall proceed to establish its correctness by demonstrating, that it is not in the nature of things that Mr Owen's establishments should increase the effective powers of industry so as to afford beneficial occupation to capital, and adequate reward to labour.

With respect to the powers of agricultural industry, if Mr Owen were to erect his villages on waste lands, inferior in quality to those already under cultivation, it is evident that the return upon the capital which he invested in the soil would be less than at present; and that so far from relieving the existing distress of the country, he would bring us a step nearer to that stationary state of society in which, as Adam Smith long ago observed, the condition of the labouring classes becomes wretched in the extreme. And if Mr Owen, instead of resorting to inferior lands, should seek to obtain a more abundant supply of the necessaries of life, by applying additional portions of capital to lands of good quality, he would, though by a process somewhat different, arrive at an exactly similar result. It is an ascertained and fundamental principle in political economy, that each additional portion of capital applied to heighten the cultivation of the soil, yields a less proportional return; that is, if 100 quarters of corn, expended in cultivating a field in the ordinary way, will occasion a return of 120 quarters, then a capital of 200 quarters, expended on what is called high farming, will not raise from this field a return of 240 quarters, but some

less quantity, as 220. Now, it is necessary for Mr Owen to demonstrate to us, that his villages, with their system of instruction and moral training, are calculated to alter this essential property of the soil, and to enable him to employ upon each of his farms of 1000 acres, additional portions of capital, with an undiminishing ratio of return. Unless he can demonstrate this,—unless his mode of culture increase the produce in the same proportion in which additional capital is employed, every increase of food and material which he obtains will be raised at an additional expense; the surplus of produce above expenditure will become less and less; and, consequently, the means of accumulating capital, and of employing an additional population, will be perpetually *diminishing* in his hands. Mr Owen, indeed, fancies he can overcome all these difficulties by the adoption of spade cultivation; but we will tell him, without fear of contradiction, that spade cultivation, so far from being capable of working the miracles he supposes, is less profitable than cultivation by the plough. Why, in the improved husbandry of this country, has the spade been in so great a degree supplanted by the plough? Only because experience has convinced the farmer that the plough is the cheapest instrument of production, and that, by employing it, he obtains a greater net produce—a larger surplus over and above expenditure. Mr Owen will no doubt contend, that he cares nothing about the net produce; that his plans do not embrace the consideration respecting the proportion in which the return may exceed the expenditure; and that, without regarding what merely concerns the rate of agricultural profit, he rejects the plough, and reduces the number of horses employed in husbandry, in order to obtain a greater gross produce applicable to the maintenance of the productive labourers of his villages. This might perhaps answer tolerably well, if Mr Owen could evade taxation,—if he could obtain land without paying rent,—borrow money without interest,—and persuade his villagers not to increase their numbers. But we must again inform this miscalculating enthusiast, that, with respect to the claims of the tax-gatherer, the rent of the land he occupies, the interest of the money he borrows, and the means of accumulating additional capital for employing a growing population, the net produce, or surplus of return above expenditure, is *the only fund to which he can look*—and that, for these purposes, the gross produce is to be regarded as absolutely nothing. By discarding the plough, and performing the work of husbandry without the aid of horses, Mr Owen might possibly find employment on one of his farms for 1000 instead of for 900 labourers; but though he might thus increase

the *gross*, he would infallibly diminish the *net* produce. Assuming, by way of example, that the net produce is reduced from 1000 to 800 quarters of corn, and that the taxes, the rent, and the interest of the money borrowed to erect the village, amounted to 600 quarters, then, that portion of the produce of the soil which is applicable to increase the existing capital, and thus to give employment to additional hands, will be reduced from 400 to 200 quarters. Spade cultivation, therefore, though in the first instance it might allow a greater number of labourers to be engaged on a given surface, would dry up the sources of accumulation and of increased employment; and unless, as we before hinted, Mr Owen could persuade his villagers not to add to their existing numbers, would in a very short time plunge them into *aggravated* misery. For employment can increase only with the increase of capital; and the rapidity with which capital can accumulate, must be in proportion to the degree in which the return exceeds the expenditure by which it is obtained.

But Mr Owen's villages are intended to be manufacturing as well as agricultural establishments; and therefore we must inquire how far his arrangements are calculated to improve the condition of the working classes, by increasing the effective powers of *manufacturing* industry. We understand that, when asked whether the manufactured goods prepared in his villages are intended to be consumed in the places where they are produced, or to be sent out and sold in other markets; Mr Owen replies somewhat ambiguously, and says, that the point will be determined by circumstances. But this vague and indefinite language can avail him nothing. It is a matter of perfect indifference which alternative he may chuse; for, whether his manufactured goods are sent to other markets, or consumed in the villages in which they are fabricated, it is equally impossible that Mr Owen's arrangements should insure increased returns upon manufacturing industry. If he send his wrought goods to find a distant sale, then their prices will occasionally fluctuate with the variations of demand and supply; a brisker flow of commerce will place his villagers in affluent circumstances, while a stagnation or revulsion of trade may not leave them wherewithal to pay their rent and taxes, and may plunge them in bankruptcy and misery. If the whole manufacturing population of England could be placed at once in such establishments as Mr Owen proposes, foreign trade could not be thereby improved, nor the continents of Europe and America enabled to consume an additional yard of our fabrics. As long as the sale of goods, and consequently the employment of the manufacturer,

depends upon external sale, it is not in the nature of things that internal training, however conducive to the forming of moral habits, should insure an adequate remuneration to industry, or obviate the recurrence of distress.

But Mr Owen is careful not to pledge himself to any definite mode of proceeding; and, when pressed with the difficulty of glutted markets and suspended demand, he will no doubt endeavour to escape, by saying, that it forms a part of his plan to confine the consumption of manufactured articles to the respective establishments in which they are made. This, however, is escaping from one horn of the dilemma, only to fix himself upon the other. The great cause which increases the powers of manufacturing industry is the division of labour; and the division of labour, as Adam Smith long ago demonstrated, is limited by the extent of the market. In a small village, fabricating within itself whatever it consumed, there could exist no division of labour worthy of the name; each individual would have to follow a multiplicity of occupations; half his time would be wasted in shifting his tools and adjusting his materials; and he would lose the advantage of that miraculous dexterity and quickness which the human hand acquires when confined to one or two simple operations. It is precisely because the effective powers of industry are increased by the division of labour, and because the division of labour is limited by the extent of the market, that roads are constructed, bridges erected, canals opened, and every possible means resorted to, in order to facilitate the intercourse between one district and another. But Mr Owen's discoveries in the science of wealth render all these unnecessary. In as much as his plans extend to make the villages consume within themselves whatever they produce, the division of labour, whether territorial or mechanical, will be superseded; the exchange of commodities between one place and another will cease; and with it all the advantages of commercial intercourse will be lost. What should we think of the person who should propose to increase the wealth of the country, and to give uninterrupted employment to the plough and the loom, by breaking up our roads and destroying our canals, by obstructing our rivers and closing our ports, and by everywhere intersecting the country with impassable mountains? But Mr Owen's project for penning up the population in quadrangular villages, and causing each village to consume its own productions, is in effect the same:—and yet, with the most amusing simplicity and the most undoubting confidence in his own superior wisdom, he gravely proposes it, in the country which gave birth to Adam Smith, and in an age when the

discoveries of that great man have been extended by Say, and Malthus, and Ricardo; and rendered familiar to every school girl by an admirable little book, entitled, 'Conversations on Political Economy.' In every human character, in all human affairs, there is a mixture of good and evil; and perfection has no habitation except in the dreams of the enthusiast. The fluctuations of demand and supply, the occasional glutting of markets, and stagnations in trade, are evils which necessarily accompany, and, in some degree, counterpoise the advantages resulting from the division of employment. If Mr Owen retain the division of labour in his establishments, the changes in the state of external markets, and the consequent impossibility of obtaining an uniformly profitable sale for their productions, will occasionally deprive his villagers of the means of paying their rent and taxes, and reduce them to the condition of bankrupts and paupers; and if, to avoid such evils, he discard the divisions of labour, and cause each establishment to consume within itself whatever it supplies, then the great principle which multiplies the effective powers of industry will be thrown out of operation, all the sources of prosperity will be dried up, and universal poverty overspread the land.

In his reasonings, as well as in his plans, Mr Owen shows himself profoundly ignorant of all the laws which regulate the production and distribution of wealth. He tells us, that the distress to which the people of this country are exposed arises from scientific and mechanical power producing more than the existing regulations of society permit to be consumed. This is tantamount to saying, that wealth is poverty, and that the necessaries of life are unattainable, because they exist in excess. The application of scientific power, and the various improvements which have been effected in machinery, instead of being the causes of distress, have counteracted, in a very considerable degree, the effects of our absurd commercial laws, and still accumulating taxes, and have, as yet, averted a national bankruptcy. The steam engine has fought our battles, and pays the interest of our debt. If our improved machinery did not tend to reduce the expense of producing manufactured goods, we could neither sell our fabrics in the foreign market, nor keep our inferior lands under cultivation. The truth of the latter assertion may not be very obvious, but it is quite demonstrable. If a piece of ground will produce 100 quarters of corn, and if the labourers employed upon it expend 50 quarters for seed and food, with clothing and implements which cost 50 quarters more, then it is evident that such land will not be cultivated; and for the plain reason, that its cultivation will afford the farm-

er no profit. But if improved machinery were to lower the price of manufactured goods, until the farmer could purchase for 30 quarters the same quantity of necessary clothing and implements which formerly cost him 50, then this land would be eagerly sought, for the purpose of tillage; because in this case the diminished expenditure of 30 instead of 50 quarters for the purchase of clothing and implements, would yield the farmer a profit of 25 per cent. A reduction in the value of manufactured goods, which allows lands of an inferior quality to be taken in, also admits of the additional application of capital to our better soils, and promotes that system of high farming for which England is so conspicuous. Were it not for the application of that scientific power and improved machinery, to which Mr Owen erroneously attributes our distress, the whole of our foreign trade would be annihilated, and our tillage reduced one half. Highly as we respect this gentleman for his benevolent intentions, and however we may be disposed to approve his experiments in education and moral training, truth constrains us to declare, that with regard to political economy, and the essential order of society, his principles are radically erroneous, and his projects for relieving the national distress altogether impracticable and absurd.

But as Mr Owen's pretended principle, that the employment of machinery occasions the production of a greater quantity of commodities than the existing arrangements of society permit to be consumed, is at variance with some important and fundamental doctrines of political economy, it seems to demand a stricter examination and more scientific refutation than that contained in the preceding paragraph. The principal difficulty which we have to encounter in performing this new task, arises from the very vague and indefinite language which Mr Owen has employed. 'The existing arrangements of society' is an expression so extremely general, that it may stand for almost any thing; and it is not very easy to conjecture the precise idea which Mr Owen intended it to represent. Should he by this phraseology mean those barbarous enactments against importation which disgrace our statute book, his proposition must be admitted to be correct. Commerce is the exchange of equivalents,—the bartering between nations of one commodity for another; and that country which refuses to receive the equivalents which her neighbours have to offer, cannot in the nature of things obtain foreign consumers for her goods. In this sense of the phrase, therefore, the use of machinery certainly does enable us to produce more than the existing arrangements of society permit to be consumed. But as the appropriate remedy

for this evil is, the gradual abolition of restriction upon foreign trade, and not the erection of quadrangular villages, Mr Owen must attach some other signification to the phrase 'existing regulations of society.' It appears by the context, that he conceives that when competition is unchecked by any artificial regulations, and industry permitted to flow in its natural channels, the use of machinery may increase the supply of the several articles of wealth beyond the demand for them, and, by creating an excess of all commodities, throw the working classes out of employment. This is the position which we hold to be fundamentally erroneous; and as it is strongly insisted on by the celebrated M. de Sismondi in his 'Nouveaux Principes d'Economie Politique,'* we must entreat the indulgence of our readers while we endeavour to point out its fallacy, and to demonstrate, that the power of consuming necessarily increases with every increase in the power of producing.

Demand and supply are truly correlative and convertible terms. The supply of one set of commodities constitutes the demand for another. Thus, there is a demand for a given quantity of agricultural produce, when a quantity of wrought goods equal thereto in productive cost is offered in exchange for it; and conversely, there is an effectual demand for this quantity of wrought goods, when the supply of agricultural produce which it required the same expense to raise, is presented as its equivalent. As long as commodities are brought to market in such proportions, that the things offered to be bartered against each other are equal in productive cost, and therefore in value, an increase in the supply of one class of goods will afford increased equivalents for the purchase of an increassd supply of another class. Supposing, for the sake of illustration, that a cultivator advanced food and clothing for 100 labourers, who raised for him *food* for 200; while a master-manufacturer also advanced food and clothing for 100, who fabricated for him *clothing* for 200; then the farmer, besides replacing the food of his own labourers, would have food for 100 to dispose of; while the manufacturer, after replacing the clothing of his own labourers, would have clothing for 100 to bring to market. In this case, the two articles would be exchanged against each other; the supply of food constituting the demand for the clothing, and that of the clothing the demand for the food. Now, let us suppose that there are 1000 farmers, *each* of whom advances food and clothing for 100, and obtains in return food for

* Livre VII. ch. 7. De la population rendue superflue par l'invention des machines.

200; and also 1000 master-manufacturers, each of whom, by advancing food and clothing for 100, gets clothing for 200; —In this case, each of the 1000 farmers will feel the same necessity for exchanging his surplus food which the single farmer formerly felt; and each of the 1000 manufacturers the same necessity for exchanging his superfluous clothing. Food and clothing for 100,000 will reciprocally purchase each other, just in the same way that food and clothing for 100 formerly did. The demand for each is increased a thousand fold, because the supply of each is increased a thousand fold. But let us suppose, once more, that in consequence of more skilful applications of labour, and of the introduction of machinery, each of the 1000 farmers, by advancing food and clothing for 100 labourers, obtains a return consisting of ordinary food for 200, together with sugar, grapes and tobacco equal in productive cost to that food; while each of the 1000 master-manufacturers, by advancing clothing and food for 100, obtains a return consisting of ordinary clothing for 200, with ribands, cambrics and lace, equal in productive cost, and therefore in exchangeable value, to that clothing;—In this case, the supply and demand with respect to the food and clothing will remain, it is obvious, exactly as before; while the sugar, grapes and tobacco, which the farmers do not wish to consume themselves, will be offered in exchange for the ribands, cambrics and silks, which the manufacturers do not wish to consume themselves. These different articles, therefore, will be the reciprocal equivalents and purchasers of each other; and there will be an increased demand for commodities, exactly proportional to their increased supply.

It may be objected, perhaps, that on the principle that the demand for commodities increases in the same ratio as their supply, there is no accounting for the gluts and stagnation produced by overtrading. We answer very easily—A glut is an increase in the supply of a particular class of commodities, unaccompanied by a corresponding increase in the supply of those other commodities which should serve as their equivalents. While our 1000 farmers and 1000 master-manufacturers are exchanging their respective surplus products, and reciprocally affording a market to each other, if 1000 new capitalists were to join their society, employing each 100 labourers in tillage, there would be an immediate glut of agricultural produce;—because in this case there would be no contemporaneous increase in the supply of the manufactured articles which should purchase it. But let one half of the new capitalists become manufacturers, and equivalents in the form of wrought goods will

be created for the raw produce raised by the other half: The equilibrium will be restored, and the 1500 farmers and 1500 master-manufacturers will exchange their respective surplus products with exactly the same facility with which the 1000 farmers and 1000 manufacturers formerly exchanged theirs. When an increase takes place in the supply of some particular commodity, or class of commodities, then a glut, or want of sale, is experienced; but when an increase takes place in the supply of commodities in general, the different articles are employed in the purchase of each other,—and augmented supply is identical with extended demand. Let us apply these principles more particularly to Mr Owen's leading doctrine, that the employment of machinery and scientific power, throws the labouring classes out of employment, by producing more wealth than can be consumed.

In the former example, when 1000 farmers and 1000 manufacturers had exchanged their surplus food and clothing with each other, capital was completely replaced; and the sugar, grapes and tobacco of the one class, with the ribands, lace and velvet of the other, remained as net surpluses for immediate enjoyment. Further, as the food and clothing created were equal to each other in cost of production, and the agricultural luxuries equal to the food, and the manufacturing luxuries equal to the clothing, it follows, that all the sugar, grapes and tobacco was equal in productive cost, and should therefore be equal, in exchangeable value, to all the ribands, lace and velvet. Hence, if the farmers were to retain one half of their agricultural luxuries for their own use, and bring the other half to market, they would have the power of purchasing and consuming one half the ribands, lace and velvet, prepared by the manufacturers; while, if the latter retained half their manufactured luxuries for their own use, and brought the other half to market, they would have the power of purchasing and of consuming half the sugar, grapes and tobacco, raised by the class of cultivators. Now, while things are going on in this way, and consumption exactly balances production, let us suppose, that the introduction of improved machinery so increases the effective powers of those branches of manufacturing industry which prepare luxuries; that the 1000 master-manufacturers, without any additional expense, can cause the same number of labourers to fabricate twice the former quantity of ribands, lace and velvet;—Will this increase in the quantity of commodities disturb the previously existing balance between consumption and production? Will the 1000 farmers be unable to purchase, with full equivalents, the additional articles,

which the 1000 manufacturers present for sale? Certainly not. With respect to productive cost, and therefore to exchangeable value, the double quantity of manufactured luxuries, now obtained, is exactly equal to the smaller quantity formerly obtained. Hence in this, as in the former case, one half of the sugar, grapes and tobacco which are raised, will be equivalent to one half of the ribands, lace and velvet which are fabricated. The class of cultivators, with the sacrifice of the same quantity of their unwrought luxuries, will be able to purchase and to consume a double quantity of wrought luxuries, while the class of master-manufacturers, after purchasing the same quantity of sugar, grapes and tobacco, will be able to retain and to consume a double quantity of ribands, lace and velvet. Demand will increase in the same ratio with supply, and the power of consumption keep pace with the power of production.

It is no answer to this reasoning to say, that though the class of cultivators have the power, they may not have the inclination to purchase and consume the double quantity of wrought luxuries thrown upon the market by improved machinery. With the exception of a few insane misers who hoard their treasures, all persons are desirous of consuming whatever wealth they can command, either productively with a view to improving their condition, or else unproductively with a view to immediate enjoyment. The alterations which occasionally take place in the distribution of industry, may lead to temporary embarrassment; but after the readjustment has been effected, and commodities are brought to market in quantities duly proportioned to each other, the increased supply will be accompanied by increased demand. Effectual demand is nothing more than the offering of one commodity in exchange for another. Increased production, therefore, provided it be general and duly proportioned, is precisely the same thing as extended demand. So long as the passion for the expenditure or accumulation of wealth shall actuate the human heart, it will be impossible for the use of machinery, and the application of scientific power, to increase the supply of commodities beyond what the regulations of society permit to be consumed.

The important and fundamental principle, that increased demand is created by increased supply, appears to have been first noticed by the celebrated M. Say in his *Traité d'Economie Politique*, and by Mr James Mill, in his pamphlet in answer to Mr Spence, entitled, '*Commerce Defended.*' We conceive that on this subject the reasoning of the latter gentleman is the

ost clear and conclusive; and to his able Tract we beg to refer those amongst our readers who, upon questions of this sort, prefer synthetical demonstration from general principles, to that analytical induction from particular cases which we have here attempted to employ. We shall merely add, in this place, that the late glut of British goods in the markets of Europe and America, to which M. de Sismondi refers as a practical proof of his paradox, that poverty may be occasioned by the superabundance of wealth, furnishes no solid objection to the doctrine that a balance necessarily exists between consumption and production. The present crisis constitutes a case removed by special circumstances from the operation of the general rule. In the *first* place, as we explained in our former Number, the transition from war to peace has caused certain classes of commodities to be less sought for than before, and thus for a time disturbed the due proportion in the quantities of the different articles brought to market, which makes them the reciprocal purchasers of each other, and renders the amount of the supply identical with the extent of the demand. In the *second* place, as commerce is the exchange of equivalents, and demand and supply reciprocal, if our merchants throw goods into foreign markets, under a restrictive system which prevents their bringing back the only articles with which foreigners can purchase them, such goods must necessarily remain unsold; and, in these circumstances, the glut of British goods in foreign markets, instead of militating against our general principle, is a fact which, even prior to experience, that principle would lead us to predict. *Lastly*, taxation counteracts the natural tendency of improved machinery to reduce the cost of production, and consequently prevents that fall in the exchangeable value of our manufactured articles which might otherwise cause the demand for them to extend as their supply increased.

Thus there are, at the present crisis, three special circumstances which account satisfactorily for the existing difficulty in finding a foreign market for British goods, without resorting to the gratuitous, and, as we conceive, absurd assumption, that our distress is created by machinery and scientific power producing more wealth than can be consumed. That part of our distress which has arisen from the transition from war to peace, and from the loss attendant on the transference of capital from one species of employment to another, will in a short time work out its own correction. The other, and *the greater portion of the national suffering, which is produced by fettered trade, and oppressive taxes, will be as permanent as its causes.* Should these be continued, it requires no gift of prophecy to predict, that

England, like Holland, must gradually cease to be a manufacturing and commercial, and consequently a rich and a powerful country. The recent history of our nearest neighbour, holds out to us this awful warning. The republic of Holland, though her commercial system was infinitely superior to ours, yet sunk under taxation comparatively light. In the foreign carrying trade, and in foreign wars, her productive capital glided from beneath the burden which oppressed it. The laws of nature are unchanged; the principles of human action remain the same; and the desire of bettering his condition, continues to exert an influence more or less powerful upon the conduct of every man who lives. Mr Owen will be a potent enchanter, indeed, if, by inscribing productive capital within magic circles, or magic parallelograms, he can prevent its flowing off to seek, in foreign investments, that beneficial occupation which cannot be found at home. *

It has been objected to those who oppose Mr Owen's plans, that they do not themselves suggest any effectual means for the relief of the country. This objection appears to us most extraordinary and unreasonable. Is no one to object to the introduction of absurd and pernicious projects, unless he substitute some project of his own? Is no one to detect and denounce the nostrums of an empiric, unless he pretend to be himself in possession of a panacea? For ourselves, we do not despair of our country; and we have no objection to state what, in our opinion, would restore the kingdom to its once flourishing condition. Give Freedom to Commerce, and lighten the pressure of Taxation, and we shall have no complaining in our streets. As commerce is always an exchange of equivalents, a nation that will not buy, cannot sell; and restrictions upon import, are prohibitory duties upon export. On the contrary, the more we admit the productions of foreign countries, the more extensive becomes their demand for our commodities. Let the absurd system of our Corn Laws be cautiously and gradually abolished, and allow the cheap agricultural produce of the North of Europe, and of the Continents of America and Africa, to be freely introduced, and we shall obtain an unlimited vent for our manufactures; the profits of stock will be restored to their level in other countries; and the consequent accumulation of capital,

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* We have learned from an intelligent traveller, lately returned from France, that a considerable portion of the lands in Britanny have been purchased by Englishmen, and are now cultivated under their direction. Let the landed proprietors of England, who support the present system, look to this!

will cause the increasing demand for labour to bear a nearer proportion to the increasing supply of labourers. A rigid and effectual system of Retrenchment, would powerfully contribute to these most desirable results. Our advantages, from position, from coal-mines, and from the industry, skill, and energy of our people, are so considerable, that, were it not for unwise laws, and overstrained taxation, England, for ages to come, might continue to be the great workshop and emporium of the world. There is nothing appalling in our situation, except the want of wisdom in our Rulers. This, indeed 'must give us pause.' It is a singular and an alarming fact, that at a period when the questions which come before the Legislature are almost exclusively economical, the Ministers of this country should be ignorant of the leading principles of Economical Science. On the termination of hostilities, and while our influence in Europe was as yet almost supreme, our Foreign Minister abandoned the vital interests of British industry; and, instead of making commercial arrangements for aiding the country in meeting the transition from war to peace, and in supporting the burthens imposed during the Continental quarrel, returned from his mission, declaring that our manufactures and trade had already been carried to an injurious extent, and impeded the exertions of the State! * Our Finance Minister has laid on duties, not with a view to the improvement of the Revenue, but for the express and avowed purpose of diminishing our trade with France. In war, while we were annually borrowing enormous sums, the value of the currency was suffered to sink considerably below that of the coin; and in peace, when extraordinary efforts are required to pay off debt, measures have been adopted for keeping the Bank note at par with gold. And at an awful crisis, when the exhaused nation staggers beneath its load, the Government, instead of reducing, have added three millions to the taxes. These are facts, which the supposition of ignorance alone can scarcely account for, or excuse: And we

* See the debate upon the Corn Bill:—When Lord Castlereagh censured the people for their 'ignorant impatience of taxation,' he should have reflected that, in a Statesman, an 'ignorant impatience' of manufactures and commerce, was an offence which even persons unskilled in Economical Science might consider to be almost as disgraceful as that which he condemned. His Lordship's reasonings, when logically pursued, tend indeed to very original and wonderful conclusions. On the principle that complaints against taxation have their origin in ignorance, and that our manufactures and commerce have been pushed to an injurious extent, it would be easy to demonstrate that we have too little barren, and too much fertile soil.

are sure that it is a mild and mitigated censure to say, that in that important department of the science of legislation which relates to the causes of national wealth and prosperity, the persons who have obtained the management of our affairs, are considerably below the common intellectual level of English gentlemen,—nay, of English ladies. We know one female, at least, fully competent to instruct the Members of our present Cabinet in Political Economy—a branch of knowledge at all times highly important, and, at this difficult crisis, as indispensably necessary to the practical statesman, as anatomy is to the operative surgeon, who undertakes to extract the barbed and venomed steel from a festering and deep-seated wound.